

Islamic Banking, Moral Order and a Just Social Order

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Abstract

Moral order is nothing more than natural order in which all living beings are bound to each other. All-natural beings or (nature) other than human beings have no choice and are not free to choose and to do whatever they want to, but to obey the law of their beings, their natural beings and natural law, they cannot do otherwise. They have to submit their beings (to act in accordance to their natural instincts) to the natural law or to divine pattern and divine will. God is not responsible for human acts, as human beings are endowed by free-will, intellectual reasoning and are capable not only of recognizing good and evil acts, but also of legislating good laws to regulate their lives in accordance to natural law, divine pattern and divine will. This paper will discuss Islamic banking in which its existence cannot be separated from the religion of Islam. It has to act and to submit to the natural law or to divine pattern and divine will. Its operation and practice should meet the legality of Islamic law, even it must go beyond that by putting more emphasis on morality and virtue ethics. It should not merely be driven by instrumental reason (rationality), or determined by criteria of calculating the most economical application means such as of maximum efficiency, cost-benefit analysis, and maximum profit as its measure of success. Islamic banking has to think that its existence is part of larger order that is a cosmic order, a great chain of beings, in which the act of one being definitely affects other beings. So, there is no other way for Islamic banking, but to be ethical banking to submit itself to moral order and natural order to help support the realization of a just social order. A just social order means moral order in which without it, it leads to chaos, as the survival of society or nation is really dependant on morality and virtue ethics.

Keywords: *Islamic Banking, Natural Order and Moral order, a Just Social Order*

Introduction

I would like to start with premise that all beings are created for the sake of worshiping and serving God. All of them (all beings) are in total submission to God in their action and behaviour. All-natural beings or (Nature) other than human beings have no choice and are not free to choose and to do whatever they want but to obey the law of their beings, their natural beings and natural law, they cannot do otherwise. They have to submit their beings (nature) to the natural law or to divine pattern and divine will. The axiom of the unity or the oneness of God requires that there exists the inter-relatedness of all beings and one being is part of the others and are not separated. The act of one being will affect other being as well as that being itself. Good act will result in good return and good reward while bad act will result otherwise. Due to the unity of the creator,

everything in nature will serve the whole and will be served by the whole. It is therefore every single being has to act ethically and in good manner.

Human being is very special being. God has created him on His image. God has created him in pristine innate instinct and good character. Every human is born on *Fitrah* which is having originally good and pure in nature and is free from any spiritual and moral defect as long as he does not corrupt it during his entire life. God also has perfected human creation by endowing him with a soul which is of "the breath of God". Despite his ability to act contrary to his nature of not fulfilling divine pattern and divine will -where no other creations be it animals, plants or angels are capable of doing so-, man is supposed to restrain his-self and to fight his ego endlessly for not violating his nature. Obeying his ego will only result in violation of his primordial covenant and the purpose of creation.

Despite of being large and variety in number which constitutes communities, societies and nations, human beings are fundamentally of one kind. They are created as one being -despite consisting of body and soul¹- and will ultimately return to God as one being. Which the *Qur'an* requires and encourages humans to take collective and unified social action as well as to preserve and protect the collectivity from all elements of disunity and disorder by promoting ethical values and virtue ethics such as love, respect and honour, equality in opportunity and non-discriminatory in behaviour (Iqbal, Z., & Abbas Mirakhor, 2017)², and the likes.

The axiom of unity or the oneness of God requires human beings to practice the basic virtues which is universal moral standard to preserve collectivity, balance and harmony. Conventions, customs, traditions and modes of worship may differ from age to age but the essentials of religion and morality must have remained the same. The essentials of moral or ethics must be the same for all because they are inherent in the common nature of all human beings. Any rule and regulation which deviates from nature and morality and gets divorced from moral and ethics, it will not last longer and will perish soon, and any law which is not in accordance with universal moral standard, it will be absurd and stultify by itself, and it will be leading to a chaos in human life.

The essential of moral and virtue ethics is the one which is universal. Universal morality or spirituality must contribute much to the solidarity of humanity. Being human is given, but keeping humanity is a human's choice, as human beings are given free-will to act good or bad. Without humanity in ourselves, who are we as human beings if we ignore the suffering of others. It is humanity first, then religiosity. In other word, whatever religion, a person is attached to, he should precede and put in advance the value of humanity.

¹ The soul which is now invisible in our material life

² Abdu Seid Ali, (2019). Zamir Iqbal and Abbas Mirakhor. Ethical Dimensions of Islamic Finance: Theory and Practice. Turkish Journal of Islamic Economics. 6. 113-118. 10.26414/A060.

It is clear that for all times, the religion is essentially belief in the unity or the oneness of God. The unity of one God requires unity of the universal value of humanity. If you agree with me then, this value of humanity must be implemented in daily life of human beings and not be left merely impractical ideal. It could be implemented through principle, precept and regulation, example and legislation. It is the responsibility of human beings to implement and to put that value of humanity into action. This is because the creation of human is equipped with intuitive reasoning, intellectual reasoning and guidance of divine revelation.

The special creation of human beings, who have unique position with mission is to fulfil -consciously (not by force) the divine pattern, to prosper the earth and establish a just social order. Living in a just social order needs to create balance and harmony with other living beings in universe. It requires good character, knowledge and skills, intelligence and wisdom. Therefore, human beings are endowed by intellectual reason (*'aql*) and free-will to be the representative of God on earth. They are free to use the bounties and blessings conferred upon them, but at the same time, they must carry out their duty towards God. Wisdom is the best endowment from God and is valuable God-gift. Wisdom leads human beings to eternal harmony with God, with their nature as human beings and with the nature of other beings. Wisdom leads human beings to realize their purpose of life that is worshipping and serving God and to realize their life to be in harmony with the divine-will.

Since human beings are chosen as God's representative and vicegerent on earth based on trust, they are responsible for making this world in balance and harmony with universe or in orderliness. Since everything and every being are behaving in nature and in accordance with their natural being and in total submission to their nature, they must be also behaving in orderliness, regularity and discipline according to their nature.

I have already mentioned above that all natural beings are to submit their nature to the natural law or to the divine pattern, and Islamic banking is no exception. Although the operations and practices of Islamic banking should meet the legality of Islamic law, it must go beyond that by putting more emphasis on morality and virtue ethics. It should not merely be driven by instrumental reason, or determined by criteria of calculating the most economical application means such as of maximum efficiency, cost-benefit analysis, and maximum profit as its measure of success.

Some studies showed that Islamic banking institutions are de facto very much sticking to Islamic law rather than to Islamic ethical values. They have de facto failed to adhere to Islamic morality, Islamic ethical values and moral norms. They have failed to meet the social and ethical goals prescribed by Islamic law (Mansur, 2021)³. Ahmad Mansur further (2021)

³ Ahmad Mansur, (2021). "Islamic banking in the framework of a socio-economic moral order: Theoretical foundations: Critical analysis and ethical approach to a value-based economy". Doctoral Dissertation: Erasmus University Rotterdam

has confirmed that this failure is due to their emphasis in taking with them the only logic of market in the M sphere and the logic of governance in the G sphere in the form of accumulating wealth, maximizing profit and satisfaction, complying with the legal rule and regulation, relying on the procedure and government or governance policy, without taking consideration of the other three spheres of the logic that are; the logic of the *Oikos* in the O sphere, the logic of social in the S sphere and the logic of cultural in the C sphere. The other failure is due to the inadequacy of Islamic banking in an attempt to find ways to avoid interest practice or interest-based banking mechanism in the financing side (to avoid *haram* issue), by replacing the principle of profit and loss sharing (in order to be called *halal* practice), however, this attempt oftentimes leads to dishonesty and deception practices (Mansur, 2021).⁴

It is therefore important for Islamic banking to adhere more on Islamic values and virtue ethics in their the operations and practices rather than just to meet the legality of Islamic law, it must go beyond that by putting more emphasis on morality and virtue ethics. In addition to that Islamic banking has to think that its existence is part of larger order. So, there is no other way for Islamic banking, but to be ethical banking to submit itself to moral order and natural order to help support the realization of a just social order. Before discussing Islamic banking, moral order and its relation to the realization of a just social order, let's me discuss first the origin and the source of moral order.

The Origin and Sources of Moral Order

Since God is ethical in nature and will only act ethically, in reciprocity all beings including human beings must also act ethically. It is only on their total submission to God-will and to act in accordance to the nature or to act ethically that human beings will be considered successful in carrying out their responsibility and duty toward God.

Since the concept of nature (natural law) is universal, there should be universal moral standard as it is advocated by the philosopher Immanuel Kant (Kant [1785], (1998). Since the concept of nature (natural law) is objective, the concept of moral and ethics must also be objective, it cannot be subjective. If there is subjectivism in moral in our culture, the moral position is not in any way grounded in reason and in nature of thing or being (Taylor, 1991). This is because morality and ethics is rooted in nature and humanity. From this point of view, I want to continue to discuss the origin and source of morality and ethics. There are four sources that moral and virtue ethics can be traced from its origin.

⁴ For more discussion see the book (Doctoral Dissertation) of Ahmad Mansur (2021). Islamic banking in the framework of a socio-economic moral order: Theoretical foundations: Critical analysis and ethical approach to a value-based economy" published by Erasmus University Rotterdam

1. Intuitive Reasoning (*Fitrah*)

It is simply a basic innate constitution or the nature of all human beings. Every human being has innate intuition or intuitive reasoning that can guide him to know right or wrong, good or bad and to act accordingly. The basic principles of ethics and morality lie deep in every soul of human being, since everyone is born on *Fitrah* that is pristine innate instinct and good character. This pristine innate instinct, in nature is inclined to submit to God. It is the nature of human beings to act good and right, as long as his nature is not contaminated and polluted with any other bad and demonic character. This intuitive reasoning is able to guide human at least to recognize the basic moral principle. In this matter, humans do not need to think and use their intellectual reasoning to come to the truth that the act of killing an innocent person is rejected and repudiated, lying, cheating, breaking promise and stealing are wrong and bad conducts while honesty, love, benevolence, prudence, temperance are right and good conducts. This basic moral principle is recognized well by the nature of human beings. God has created the human beings on the nature which is absolutely good and as perfect creation. Therefore, nothing is bad by its nature. Human's act of choosing wrong doings and evil acts is in fact violation of their nature and violation of their primordial covenant, that is to serve and worship God, to seek the pleasure of God and accordingly to surrender in total submission to God-will, divine pattern. This is the ultimate purpose of human creation.

2. Intellectual Reasoning (*'Adl*)

It is simply the ability of human beings to reason and derive decision based on their intellectual reasoning. Human beings with their intellectual reasoning (*'aql*) alone are capable not only of recognizing right and wrong, and of differentiating between good and bad acts, but also of legislating good laws to regulate their lives in accordance with the nature or at least in the domain of socio-economic and socio-political order in a way of a just social order (Reinhart, 1983)⁵. The word (*'aql*) means both reason and intellect. The Intellectual reasoning (*'Aql*) is capable naturally and innately of performing the two functions of logical analysis and intuitive knowing without a contradiction. Furthermore it is the same reason and intellect (*'aql*) that guides human-will in their moral choices (Ibrahim Kalin, 2011)⁶.

⁵ A. Kevin Reinhart, (1983). Islamic Law as Islamic Ethics, in *Journal of Religious Ethics*. 11(2):186 – 203 See at <https://www.jstor.org/stable/40017705>

⁶ Ibrahim Kalin (2011). *The Reason and Rationality in the Quran*. This paper was presented during the second seminar of the Catholic-Muslim Forum at the Baptism site, hosted by the Royal *Aal Al-Bayt* Institute for Islamic Thought in Jordan in November 21-23, 2011. The Forum is one of the fruits of the 'A Common Word' initiative, which was launched in 2007 and which seeks to promote Muslim-Christian dialogue (see <http://ACommonWord.com>). The article was first published as a booklet in MABDA N° 12, English Monograph Series -ISBN: 978-9957-428-48-8. © 2012 The Royal *Aal Al-Bayt* Institute for Islamic Thought, Amman, Jordan

This reason and intellect (*'aql*), is the most unique human quality that distinguishes human beings from other beings and from the rest of creation. The *Quran* clearly encourages people to employ and utilize their reason and intellect to observe and study the signs of the truth in the universe and in themselves, as God has shown many signs in the horizon and within human themselves until it becomes clear to them that it is the truth.⁷ However, reason has its limit. Reason cannot think without certain rules and principles. Human reason can set its own limit to what it can and it cannot know, as it is mentioned by Immanuel Kant (Kant, I., 1998)⁸ in his book of Critique of Pure Reason;

Human reason has the peculiar fate in one species of its cognitions that it is burdened with questions which it cannot dismiss, since they are given to it as problems by the nature of reason itself, but which it also cannot answer, since they transcend every capacity of human reason. (Immanuel Kant in Critique for Pure Reason)

The limit of reason confines human to be unable to know God with his sensate and his five senses, and unable to know Him empirically. This is because empirical knowledge entails limit, position, relation, relativity, etc., and none of which applies to God. God can be known through reason and intelligence to the extent that He is the absolute and the infinite. God can be known intuitively. God can be represented through formal propositions, concepts, and metaphors, but reason and intellect cannot do more than that and beyond its limit (Ibrahim Kalin, 2001)⁹. This is because reason and intellect cannot encapsulate the whole reality but God is the absolute reality that encapsulates everything. It also applies to the faith and belief, that it must have a dimension that goes beyond reason, it does not mean that it is anti-reason, it is just because reason has limit. Reason cannot think without certain rules and principles.

Another thing is that human being is fragile and weak to be exposed to deviation from the truth, good and the right thing due to human emotion and ego which is embedded in human being. Being equipped with free-will, human beings as trusteeship on earth are not free to do whatever they will and want without limit and rule. Free-will has to be combined with

⁷ The Quran Surah al-Fussilat (QS, 41: 53), "We will show them Our signs in the horizons and within themselves until it becomes clear to them that it is the truth...".

⁸ Immanuel Kant, (1998). *Critique of Pure Reason*. Translated & edited by Paul Guyer and Allen W. Wood. Cambridge: Cambridge University Press.

⁹ Ibrahim Kalin (2011). *The Reason and Rationality in the Quran*. This paper was presented during the second seminar of the Catholic-Muslim Forum at the Baptism site, hosted by the Royal *Aal Al-Bayt* Institute for Islamic Thought in Jordan in November 21-23, 2011. The Forum is one of the fruits of the 'A Common Word' initiative, which was launched in 2007 and which seeks to promote Muslim-Christian dialogue (see <http://ACommonWord.com>). The article was first published as a booklet in MABDA N° 12, English Monograph Series -ISBN: 978-9957-428-48-8. © 2012 The Royal *Aal Al-Bayt* Institute for Islamic Thought, Amman, Jordan

reason and intellect to exercise virtue ethics and to realize moral and ethical behaviour. Since human being has emotion and ego in himself, the use of reason alone is not sufficient to realize to the right moral choice and virtue ethics and to act accordingly. So, it is indeed necessary to combine human reason and human will to realize virtue ethics and to become conscious of human emotion in order to be able to act ethically and do the right thing. The capability and capacity to recognize, understand and manage human emotion and the emotion of others in this sense -that is the combination between both reason and will- is very significant in helping human to choose good from bad and right from wrong, this is what Nussbaum calls as emotional intelligence (Nussbaum, 2001)¹⁰, and what Etzioni calls as normative-affective factor in making judgement and decision in moral choice (Etzioni, 1988)¹¹. Therefore, reason or rationality and moral or virtue ethics have no contradiction, but have to go hand in hand in leading human life and striving for the goods to achieve the ideals, for human being is rational animal and at the same time moral being.

Having known that reason and intellect has limit, and emotion and ego may lead human to go astray and being mistakenly to choose the wrong instead of the right one, and the bad from the good one, there would be need for divine revelation to teach people and to guide them to the right path and in total submission to God's will, going back to live in accordance to the nature to realize moral order and a just social order.

3. Divine Revelation

It is words of God delivered by His chosen individuals such as prophets, apostles, messengers to mankind. Divine revelation which is brought down and communicated through prophets -the prophet Muhammad in Islam- is intended to guide the people way of life especially in term of moral and virtue ethics, as man is by nature is social being and will interact with each other in every daily life. Social life needs moral order to establish a just social order. The prophet Muhammad was presenting the same thing as that of Prophet Abraham, Moses and Jesus taught. All of them are sent to their communities with a universal message from God and *Shariah* (code of life or way of life). All of them brought monotheistic faith in one God. All of them are sent to establish moral order. In Islamic tradition, moral order cannot be separated from God the creator and from the religious inspiration through the divine revelation, in which it also embraces divine ethics. The prophet was also sent down to perfect noble character which is good morality and virtue ethics. The Quran is the divine revelation, and calls itself as words of God or speech of God where

¹⁰ Martha C Nussbaum, (2001). *Upheavals of thought: The intelligence of emotions*. Cambridge: Cambridge University Press. See at https://www.academia.edu/84562504/Martha_C_Nussbaum_UPHEAVALS_OF_THOUGHT_THE_INTELLIGENCE_OF_THE_EMOTIONS

¹¹ Amitai Etzioni, (1988). *The Moral Dimension: Toward a new economics*. New York: Free Press

human beings can communicate with, and it imparts knowledge which is immune from all possibilities of doubt.¹²

Divine revelation is also intended to inculcate the value of balance and harmony in life in order to establish and maintain living harmony and dynamic relation with God in order that human beings may attain the highest spiritual and moral improvement and refinement. God alone is the fountain-head, not only of existence but also of source of all excellence and of guidance for every particle of the cosmos, as He is the one who encompasses all thing (Fazl-Ur-Rahman Ansari, 2008)¹³. Since God is the fountain-head of every excellence moral and virtue ethics, every human being has to mirror and imitate His attributes or divine attributes as his goal to actualize his potential vicegerency of God on earth. The concept of God is essentially ethical either in Judaism, Christianity and Islam (Izutsu, 2002a)¹⁴. Since God is ethical, it necessitates ethical relation between God and human beings. God acts to human beings in ethical way in term of justice, prudence, temperance, courage, helpful, generosity, benevolence and any other goodness, as they are reflected in divine attributes. God reveals himself as God of infinite goodness and benevolence, the merciful, the gracious, the forgiving, the peace and blessing. In response to this very kind treatment from the God, human being is expected to do the same way and correspondingly to respond to these divine initiatives in the same ethical way (Izutsu, 2002a; 2002b)¹⁵.

Let's me discuss the semantic analysis of the *Quranic* ethico-religious term of the word "*Khalaqa*" in the *Quran*, it means to create. From this one word, it will generate and spring up many words in which the words show us and reveal that there exists strong relationship between God, creatures including human beings and morality or virtue ethics. When we do apply this word "*Khalaqa*" to semantic analysis of the *Quranic* term or concept, we will find that from the word "*Khalaqa*" emerges the word "*Khaliq*" means the creator that is the God. The God as the creator is called (1) "*Khaliq*". Human beings and other beings as creatures are called (2) "*Makhluq*" and "*khalq*" who have been created by God. The character, nature and attitudes are called (3) "*Khuluq*" or "*Akhlaq*", it means excellent character as it is mentioned in the *Quran*.¹⁶ Since "*Khuluq*" or "*Akhlaq*", is good character,

¹² The *Quran* Surah al-Baqarah (QS, 2: 2) "This is the Book (the *Quran*) about which there is no doubt, a guidance for those conscious of Allah"

¹³ Muhammad Fazl-Ur-Rahman Ansari, (2008). *The Qur'anic Foundations and Structure of Muslim Society volume One*. Karachi: Elite publisher Ltd. See also at: <https://archive.org/details/the-quranic-foundations-and-structure-of-muslimsociety>

¹⁴ Toshihiko Izutsu, (2002a). *God and Man in the Qur'an: Semantics of the Qur'anic Weltanschauung* (New ed.). Kuala Lumpur: Islamic Book Trust. Also See at: <https://archive.org/details/ToshihikoIzutsuGodAndManInTheQuran>

¹⁵ Toshihiko Izutsu, (2002b). *Ethico-religious Concepts in the Qur'ān*. Montreal Que.: McGill-Queen's University Press. (2002). Also See at: <https://traditionalhikma.com/wp-content/uploads/2015/02/Ethico-Religious-Concepts-in-the-Quran-by-Toshihiko-Izutsu.pdf>

¹⁶ The *Quran* Surah al-Qalam (QS, 68:4) "And You (Muhammad) are on an exalted standard of character."

accordingly all creatures or beings have to act ethically and morally toward God as well as to other beings in the universe in accordance with their nature. Since every being is created with physical form and spiritual form, and so is human being. The physical form refers to the “*khalq*” and the spiritual form refers to the “*Khuluq or Akhlaq*” (Al-Ghazali, n.d; Abul Quasem, 1975)¹⁷.

Since “*Khuluq or Akhlaq*” refers to spiritual form -in which it is rooted in the soul of every being and manifested through its act and behaviour-, its act and behaviour must be good and in accordance with the nature. However human beings are the exception. Humans have been equipped with free-will, in which they can choose either to act right and good in accordance with their nature and soul or to act wrong and bad following their ego and deceiving their nature. This knowledge is a priori knowledge and come from divine revelation.

The role of divine revelation as moral guide, moral source and social behaviour has indeed been influential in setting up moral order and a just social order in what Gilson the philosopher observed and said that the divine revelation has been successful in raising barbarian’s way of life to the level of morality way of life (Gilson, 1938)¹⁸. This is because divine revelation is also the ethical revealed knowledge brought down by God through the prophets, even in the *Quran* there is one of the chapters that is entitled the criterion revelation to all of humanity becomes the point of reference for distinguishing right from wrong, this chapter is called *Surah al-Furqan*.¹⁹

It is therefore no doubt that divine revelation is the source of the moral order and also divine ethics. Though human beings -with their capacity of being equipped with intellectual reasoning- are capable of recognizing good and bad and right and wrong, they are not safe from being tempted to evil act, when they surrender to their ego and demonic character. Humans’ intellectual reasoning may be diverted to unethical virtue and bad deeds, their intellectual reasoning may corrupt their nature and call for evil deeds. It is therefore in need of divine revelation (divine ethics) to guide human behaviour to submit to their nature. Following nature or back to live in accordance to the nature is key to the attainment of social bliss and social harmony as well as spiritual salvation. Nature does also have meaning of universal reason which is immanent in the universe. So that, back to live in accordance to the nature means following universal reason. Divine revelation is therefore important means to establishing moral order

¹⁷ Abul Muhammad Quasem, (1975) *The Ethics of Al-Ghazali: A Composite Ethics in Islam*. Petaling Jaya, Selangor, Malaysia: Universiti Kebangsaan Malaysia. See also at: <https://openmaktaba.com/the-ethics-of-al-ghazali-a-composite-ethics-in-islam/>

¹⁸ Etienne Gilson, (1938). *Reason and revelation in the Middle Ages* (The Richards lectures in the university of Virginia [1937]). New York: C. Scribner’s sons. See also this website. https://archive.org/stream/ReasonAndRevelationInTheMiddleAges/ReasonAndRevelationInTheMiddleAges_djvu.txt

¹⁹ This *Surah al-Furqan* is the 25th Chapter of 114 chapters in the *Quran*.

and a just social order. Moreover, all the prophets sent down by God to people are to complete the perfection of noble character which is virtue ethics and morality. In Islamic tradition, it is taught that the most important objective of the prophet's mission is to perfect noble character.²⁰ This is very clear message that the reason of divine revelation and the mission of the prophets is to elevate and perfect the moral character of individuals and society at large.

God's command in divine revelation is not arbitrary and God does not command an act because the act is just and good, rather it is His command that makes it just and good. This opinion is in this realm of the "Ash'arites" tradition in Islam (El-Sheikh, 2008)²¹. Indeed, noble character absorbs all acts of worshiping and serving God. Every time God commands human beings to perform an act of worshiping and serving God, He draws the attention to the moral significance or the positive effect on the individual and society in doing that acts. There are always wisdom and policy behind God's command.

For most Muslims, what is considered permitted (*halal*) and forbidden (*haram*) in Islam is understood in terms of what God defines as right and good. However, this terminology of *halal* and *haram* has to be observed wisely and in accordance with the contextual and circumstances. Different circumstances call for acting differently. Smoking for example, for some Muslims is considered prohibited (*haram*), but some others are permitted (*halal*). Another example is consuming the dead animal meat which is in the normal situation is forbidden (*haram*), however in case of emergency and necessity, it is permitted, such as eating dead meat for those who cannot find anything else and fear that they will die of hunger, just to sustain life. It is matter of doing the right thing, for doing the right thing is a matter of realizing values. In order to realize values, we have to generate goods, either tangible or intangible, and the goods that we are striving for are our ideals (Klamer, 2016)²².

In this case, what is considered immoral behaviour and unethical act in the normal situation may turn to ethical and morally act in certain situation. However, different person will act differently in accordance to their specific personal trait, character and their strength physically and spiritually, and in accordance to their power of intuitive reasoning and intellectual reasoning. It is quite difficult to make virtue ethics as uniform virtue and not changing over time horizon and different circumstances. It is impossible to make virtue as one single thought, it could change as

²⁰ The prophet Muhammad (*sallallah alaihi wa sallam*) said in the *Sunnah* "I have been sent to perfect noble character."

²¹ Salah El-Sheikh, (2008). The Moral Economy of Classical Islam: A FiqhiConomic Model, in *the Journal of The Muslim World*. Pages: 116-144 Wiley Online Library.

²² Arjo Klamer, (2016). *Doing the Right Thing: A value Based Economy*. London:Ubiquity Press

circumstances change (Nussbaum, 1999)²³, and however the essence should be the same that is total submission to God-will, nature and divine pattern, to realize the balance and harmonious life and the goal of the establishment of moral order and a just social order.

Let's have a look the moral significance and the positive effect on the individual and society in doing the acts which are commanded by God through divine revelation, and let's have a look for wisdom and policy behind God's command. For example, God commands people to perform prayer, for the prayer restrains from shameful and unjust deeds and prevents from doing vicious and evil acts. God commands people (the wealthy) to pay *Zakat* and encourages charity, for *Zakat* and charity purifies and cleanses their wealth and shows kindness and comfort to other people who are in need. If it is done in correct manner, it will lead to equitable economic distribution of income and wealth and realization of socio-economic justice. God commands people not to practice usury, for there is unjust deed and exploitation in usury from the rich over the poor.

In Ten Commandment, for example, God commands people "you shall not steal", for stealing makes you fall down into crime and make you live not in dignity way of life. God commands people "you shall not be greedy and not be envious, for the greed and envy will only produce enmity, hatred and hostility, and for the greed and envy will only make you never feel satisfied with what God has already grant to you of His mercy and blessings. This does not mean that someone has to stop trying his best to achieve his goal in his life, but to perform it in proper manner, in ethical way in accordance with universal moral standard. It is therefore clear to us that there is no contradiction between intuitive reasoning, intellectual reasoning and divine revelation, they complement one to each other in term of balance and harmonious relationship of between having reason, moral consciousness and spiritual awareness of God.

In order to come to this realization of value, human being has to internalize and to nurture the value of "*taqwa*". The Quran mentions several times the word "*taqwa*". "*Taqwa*" simply means consciousness and fear of God and literally means to protect and guard oneself against harm and danger, and in the *Sunnah*,²⁴ it means protecting the soul from what fall on it and what afflicts it in term of harm, danger, injustice, oppression, evil-doings, bad deeds etc. In this sense, the conceptual meanings of "'*aq*" and "*taqwa*" converge, they both refer to our conscious effort to protect ourselves against the inhumanity and immoral consequences of evildoing, injustice and oppression (Ibrahim Kallin, 2011)²⁵.

²³ Martha C Nussbaum, (1999). Virtue Ethics: A Misleading Category? *The Journal of Ethics*, 3(3), 163–201. doi:10.1023/A:1009877217694 See also at: <https://philpapers.org/rec/NUSVEA>

²⁴ *The Sunnah is al-Hadith*, it mentions that *Taqwa* means having the majestic and glorious presence of God in one's heart by which to protect oneself against everything false, evil and ugly.

²⁵ Ibrahim Kalin (2011). *The Reason and Rationality in the Quran*. This paper was presented during the second seminar of the Catholic-Muslim Forum at the Baptism site, hosted by the Royal Aal Al-Bayt

Fear of God is the beginning of wisdom, as this world is created by God in such meaningful, orderly, and morally instructive. One of the most interesting aspects of the idea of order at work is the interconnection of the cosmic realm and the human social realm. The natural moral order is such that the regularities of the impersonal natural world and of human society, while not identical, and are intimately intertwined (VanDrunen, 2013)²⁶. Fear of God means also fear of violating the nature, violating divine pattern and God's will. So, God's command is always just and good, there are always wisdom and policy behind His command. However, there will always be the room for local culture and wisdom to exercise as long as it does not transgress the divine revelation and divine ethics, and as long as it is done with the principle underlies the rational basis of choosing goodness over evil and virtue over vice, and applying the value of "taqwa" that is fear and consciousness of God.

4. Local Culture and Wisdom

Culture simply means the set of shared values, attitudes, goals and practice that characterize institution or organization or society or nation. It means also the set of values, conventions, traditions, custom, beliefs and religious belief, social forms and social practices shared by people in certain place or time and is associated with a particular field, activity, or societal characteristic. Professor Arjo Klamer in his book of doing the right thing defines culture into three kinds of meaning (Klamer, 2016)²⁷:

- a. Culture in anthropological senses connotes the stories, history, expectations, artefacts, symbols, identities and values that a group of people shares and with which they distinguish themselves from other people. In this sense a family, company, city, region, ethnic group, nation, and continent can be said to have a distinct culture.
- b. Culture implies of civilization, usually expressed in the accumulated achievements of people in a certain region over a long period of time in the arts, sciences, technology, politics and social customs.
- c. Culture connotes and often refers to just the arts, sometimes including design, architecture and certain crafts.

There are probably many different layers when we think about culture. Individuals who are born into family, must have their own cultural

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²⁶ David VanDrunen, (2013). Wisdom and the Natural Moral Order: The Contribution of Proverbs to a Christian Theology of Natural Law, in *Journal of the Society of Christian Ethics*, Volume 33, Number 1, Spring/Summer 2013, pp. 153-168 See also at: <https://muse.jhu.edu/article/519963/pdf>

²⁷ Arjo Klamer, (2016). *Doing the Right Thing: A value Based Economy*. London:Ubiquity Press

heritage. This cultural heritage will have particular language, traditions, roles, expectations, etc. Since man by nature is social being, individuals must live in their society, and when they get involved and participate in society or even in national state, the societal culture or national culture will become very much part of that individuals. This societal culture or national culture of course have their own values, social norms and national moral standard or even universal moral standard about what is should be acceptable and not acceptable act. They have also implicit and explicit guidelines for behaviour. Individuals who are born as Javanese and in Java will be able to speak Javanese, and if they are part of traditionalist community, they will have certain tradition such as “*selametan*”, grave visitation and “*tahlilan*”.

Although such traditions have been declared and described as animistic in nature, and they are influenced and are created because of the assimilation of Islam and Hindu-Buddha culture (Geertz, 1960)²⁸, individuals who belong to the Javanese traditionalist society feel that it is not ethical, if they do not live their lives in accordance with those traditions. Those traditions are rooted among Javanese people, despite some of Indonesian people accuse that such traditions are not Islamic and then of course prohibited (*haram*). Some of them view that the presence of this religion is nothing more than changing the name or label with Islamic nuances to the local belief system of the animists and Hindu-Buddhist in nature.

Despite the accusation, Javanese people feel that they have moral responsibility to conserve and exercise those traditions, for there are values of togetherness, co-operation and mutual help, prayer, appreciation for elderly and for those who have passed away and praying to God hoping that God forgives us and shower His mercy and blessings upon us, our parents, our grandparents, our friends, our people who still alive and for the deceased ones.

Islam asserts that religion is universal and ought to be universal, and despite the belief that Islam is universal, suitable to all places and time, in practice, Islam can be adapted to many circumstances, various situations and conditions. The diversity in Islam is inevitable, and it is merely related to the aspects of interpretation and religious branches, not things that are principle. In this case, ethical questions cannot be reflected in uniformity, unified and monolithic responses.

The diversity and pluralism have to be taken into account, but of course there is common morality which must be based on high level principles such as respect for human’s dignity, autonomy, humanity and justice as universal moral standard that applies to everyone, everywhere and at all times. It is quite difficult to make moral and virtue ethics as

²⁸ Clifford Geertz, (1960a). *Religion of Java*. Chicago: University of Chicago Press. See also at: https://monoskop.org/images/d/d9/Geertz_Clifford_Religion_of_Java_1976.pdf ; and See also at:

uniform virtue. It is impossible to make virtue as one school of thought, it may change as circumstances change (Nussbaum, 1999)²⁹, and different circumstances will call for acting different virtue ethics and morality. This is because virtue ethics is not “end” but it is “means” (Fisher and Lovell, 2009)³⁰. It serves as means to achieve an end that is the establishment and the realization of moral order and a just social order.

It is now clear that local culture, custom, wisdom may differ from one to another in their respective practicality, in the sense that we could have different codes of manners and different modes of worship in doing ethically. However, the essentials of ethics must be the same for all, because they are inherent in the common nature of all human beings that is in their total submission to God-will, divine pattern and in accordance to nature. This is so, for us to realize the balance and harmonious life and the goal of the establishment and realization of moral order and a just social order.

Having discussed the origins and sources of moral order, we know now of what constitutes moral order, we also know that morality and virtue ethics is universal and objective in principle, in spite of relativity in its branches and interpretation. It is important to keep in mind that every being originally is ethical being and it is subjected to natural law, divine pattern and God-will, in individual and organizational level. They all are in total submission to God and ought to act ethically in vertical and horizontal relationship. Islamic banking as organizational being is no exception, it must comply with universal moral standard, since it is also subjected to nature, and divine pattern. It ought to act ethically as every act will affect other being in this universe which has an order and intelligibility built into it. It ought to behave ethically as it lives its life within a larger context of meaning and existence, intelligibility and moral thinking, for the sake of the realization of moral order and a just social order.

Islamic Bank and Moral Order

One of the most important aspects of Muslim's life -either in individual life or in organizational life- is to have high moral standards. Universal morality or spirituality should have contributed much more to the humanity such as human dignity, autonomy, justice and mutual respect etc. Truth and Goodness have biological origins and they are subjected to strive for in order to realize the goal or our ideal. They are subjected to the struggle for existence and the survival of the fittest. Islamic banking as ethical banking in which its existence cannot be separated from the religion of Islam, has the responsibility not only for its

²⁹ Martha C Nussbaum, (1999). Virtue Ethics: A Misleading Category? *The Journal of Ethics*, 3(3), 163–201. doi:10.1023/A:1009877217694 See also at: <https://philpapers.org/rec/NUSVEA>

³⁰ Collin Fisher, & Lovell, A. (2009). *Business ethics and values: Individual, corporate and international perspectives* (3rd ed.). Harlow: Prentice Hall/Financial Times.

own sustainable existence and profitability, but also for carrying out morality and virtue ethics. It should not merely be driven by instrumental reason (rationality), or determined by criteria of calculating the most economical application means such as of maximum efficiency, cost-benefit analysis, and maximum profit as its measure of success.

Islamic banking has to think that its existence is part of larger order that is a cosmic order, a great chain of beings, in which the act of one being definitely affects other beings. Despite Islamic banking is profit-oriented organization, its operation and practice have to consider not only by the criteria of maximum efficiency or cost-benefit analysis, but also taking into account the issue of unequal distribution of income, equality for opportunity for all, including those who are underprivileged and marginalized people, considering environmental preservation etc. This is because if the criteria of success of Islamic banking is merely to be determined by maximum efficiency, cost-benefit analysis, cost output ratio, as means to achieve an end, this guideline will only drive us to demanding profit maximization, in spite of the claim that it is in accordance with the Islamic law.

Islamic banking would perform better if it realizes that the very inception of Islamic banking is to help establish the realization of moral order and a just social order by supporting the realization of equitable economic distribution of income and wealth, perseverance from environmental degradation and destruction, assisting those who are underprivileged and marginalized in economy. In this sense, morality and virtue ethics have to take precedence over merely meeting legality of Islamic law, otherwise we might experience of loss of meaning that is the fading of moral horizon and loss of ideal in achieving the end, in face of rampant instrumental reason (Taylor, 1991)³¹. So, there is no other way for Islamic banking to be ethical banking but to submit itself to moral order and natural order to help support the realization of a just social order.

Conclusion

Individual human being as a microcosm, whose composition and structure correspond to that of the universe, that is macrocosm, implies balance and harmonious order. Since there is harmonious relationship between human being as microcosm and universe as macrocosm, there exists interconnection of the cosmic realm and the human social realm, and in any arrangement of parts in any organic system, where an act of one being will affect other being in the universe. This organic system may be also referred to an order in human societies, reflected in good government, moral order and social order. The natural moral order is such that the regularities of the impersonal natural world and of human

³¹ Charles Taylor, (1991). *The Ethics of Authenticity*. Harvard University Press

society, while not identical, are intimately intertwined and always in searching for balance and harmony.

The axiom of the unity or the oneness of God encourages that there exists the inter-relatedness of all beings and one being is part of the others and are not separated. Due to the unity of the Creator, everything or every being in nature will serve the whole and will be served by the whole. It is therefore every single being has to act ethically and in good manner to do the right thing, or otherwise it will deviate and violate its nature. Any violation of natural order is a violation of moral order, and any violation of moral order is a violation of social order, be it the order of civilization, economic order, political order etc.

Islamic banking is an organization being. It is organism which consists of inter-dependent part as a system, its existence is part of larger order that is a cosmic order, a great chain of beings, in which the act of one being definitely affects other beings. We have already discussed the multi-interpretation of the Islamic law with regard to permitted (*halal*) thing and prohibited (*haram*) thing, local culture, tradition and wisdom, but there is common sense of high moral standard of what is called by universal moral standard. As ethical banking, Islamic banking ought to position itself in forefront in applying virtue ethics in its operation and practice and to act ethically in helping the realization of the establishment of moral order and a just social order through redistribution of income and wealth, while maintaining profitability and sustainability of the organization as financial intermediary. In doing so, it ought not to stick to merely meeting the legality of Islamic law. It should not merely be driven by instrumental reason (rationality), or determined by criteria of calculating the most economical application means such as of maximum efficiency, cost-benefit analysis, and maximum profit as its measure of success. Maintaining moral order and consequently cosmic order, balance and harmonious life in universe is most important indeed for Islamic banking.

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